

The Current Status Of SBI Savings Bank As of September 30th, 2017

(January 1st, 2017 ~ September 30th, 2017)

[General Status]

1. Declaration

This document has been prepared in compliance with Article 42 of Mutual Savings Bank Regulatory Provisions. With the respect, it contains the true, actual and general information of the management of mutual savings bank. However, it is noticeable that this document hasn't been reviewed and confirmed by Financial Supervisory Service and Korea Federation of Savings Banks for accuracy and adequacy. It should be noted that this report is the English version of the original report written in Korean, ensuring the former is not deviated from the acceptable range of discrepancy in meaning.

CEO Lim Jin Gu
CEO Jeong Jin Mun

2. Management Policy

(1) Management Philosophy

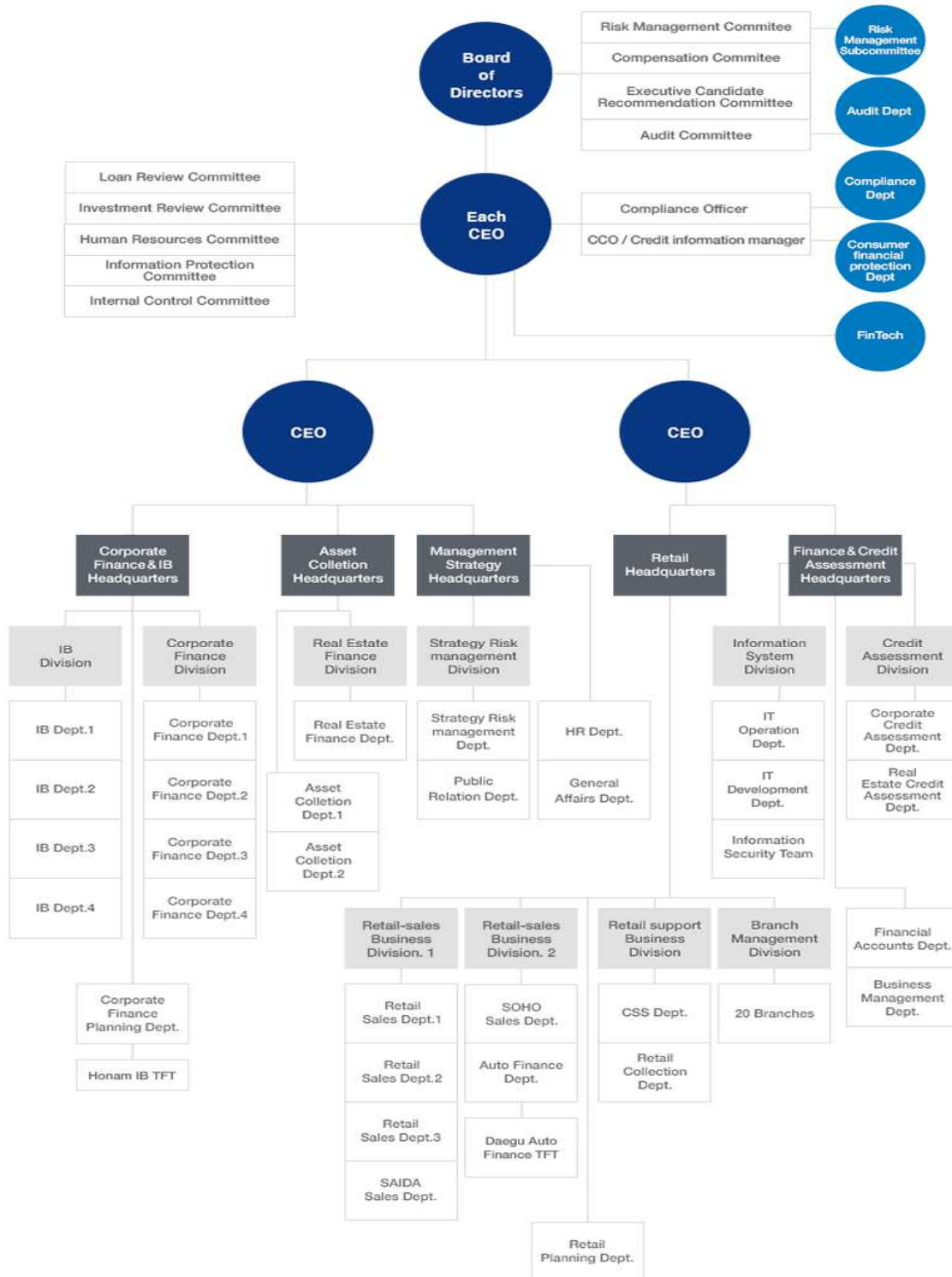
- We provide quality and reliable financial services of high quality on the basis of social calling and public interest and contribute to social development by improving public standard living and fostering companies.

(2) Management Attitude

- ① Social responsibility: We honor the social role and responsibility as a company.
- ② Pursuit of innovation: We pursue endless change and innovation.
- ③ Self-innovation: We get ready for environment change.
- ④ Righteous management: We act on righteous values and ethics.
- ⑤ Customer orientation: We aim for customer-centered service.

3. Organization

(1) Organizational Chart



*This Organization was changed on November 13th 2017.

(2)Branch and Automatic Teller Machine

3Q in FY17: End Of September, 2017

Branch			Automatic Teller Machine		
Branch Store	Branch Office	Total	CD	ATM	Other
20	0	20	0	0	0

5. Number Of Employees

3Q in FY17: End Of September, 2017

2Q in FY17: End Of June, 2017

Classification		3Q in FY17	2Q in FY17
Executive	Executive Director	14	14
	Outside Director	5	5
	Part-time Director (not Outside Director)	1	1
Employees	Manager	257	259
	Staff	238	236
Others		0	0
Total		515	515

5. Executives

3Q in FY17: End Of September, 2017

Classification	Name	Position	Key Task and Role
Standing Executive	Lim Jin Gu	CEO	CEO & President (Corporate Finance & IB HQ Head)
	Jeong Jin Mun	CEO	CEO & Vice-President (Retail HQ Head)
	Park In Chan	Chief Audit Executive	Chief Audit Executive
	Katsuchi Hideyuki	Senior Managing Director	Finance & Credit Assessment HQ Head
	Kim Mun Seok	Senior Managing Director	Management Strategy HQ Head
	Lim Young Bok	Managing Director	Asset Collection HQ Head
	Yoo Hyun Kuk	Managing Director	Retail Sales Business Division Head
	Kang Dong Uk	Director	Credit Assessment Division Head
	Kyung Kyu Sang	Director	Strategic Risk Management Division Head/ Chief Risk Officer
	Kim Sang Woo	Director	FinTech TFT Head
	An Sang Hee	Director	Real Estate Finance Division General Manager
	Lee Jong Seok	Director	Information System Division General Manager/ Chief Information Security Officer
	Son Myung Seop	Director	Corporate Finance Division General Manager
	Jang Dong Rok	Director	Compliance Officer/ Chief Customer Officer
Outside Director	Woo Yang Tae	Outside Director	Lawyer
	Kim Ki Hyun	Outside Director	Accountant
	Kwak Doo Hun	Outside Director	Former Korea Exchange Bank HQ Head
	Ejiri Takashi	Outside Director	Lawyer
	Park Hyung Yeon	Outside Director	Lawyer
Part-time Director (not Outside Director)	Kawashima Katsuya	Other Outside Director	Chairman (Other Non Executive Director)

6. Capital Stock

(Unit: Hundred Million KRW)

Y/M/D	Type of Stock	Number of Issued Shares	Amounts of Increased/Decreased Capital	Type of Capital Increase/Decrease	Paid-In-Capital after After Capital Increase/Decrease	Remarks
2014.10.31	Common Stock	116,244,636	5,813	Merger	15,615	

Note 1) The figures regarding capital increase/decrease and the paid-in-capital after the change are based on the transactions of the last 3 years

Note 2) The company merged SBI 2 savings bank, SBI 3 savings bank, and SBI 4 savings bank on October 31st, 2014 (as the date of merger) through the approval of the board of directors on September 18th, 2014, the approval of Financial Services Commission on October 17th, 2014 and the announcement of merger in substitution of a reporting meeting of the board of directors on October 31st, 2014.

[Performance]

7. Financing And Operation

(1) Interest Rate

3Q in FY17: End Of September, 2017
 3Q in FY16: End Of September, 2016
 (Unit: Hundred Million KRW, %)

Classification			3Q in FY17				3Q in FY16			
			Average Balance		Interest	Interest	Average Balance		Interest	Interest
				%	Amount	Rate		%	Amount	Rate
Financing	Cost	Deposit	48,435	88.22	958	2.6	40,505	89.88	854	2.8
		Cover Note	0	0.00	0	0.0	0	0	0	0.0
		Borrowings	0	0.00	0	0.0	0	0	0	0.0
		Debentures	0	0.00	0	0.0	0	0	0	0.0
		Others	241	0.44	1	0.3	185	0.41	2	1.3
	Subtotal		48,676	88.66	959	2.6	40,690	90.30	856	2.8
	Non-Cost	Total Capital	5,139	9.36	0	0.0	4,204	9.33	0	0.0
		Other Allowances	37	0.07	0	0.0	48	0.11	0	0.0
		Others	1,050	1.91	0	0.0	121	0.27	0	0.0
	Subtotal		6,226	11.34	0	0.0	4,373	9.70	0	0.0
Financing Total		54,902	100.00	959	2.3	45,064	100.00	856	2.5	
Operation	Profit	Due from Bank	6,005	10.94	72	1.6	5,955	13.22	70	1.6
		Securities	2,872	5.23	106	5.0	2,587	5.74	283	14.6
		Loans	46,284	84.30	3,897	11.3	37,479	83.17	3,172	11.3
		Call Loans	245	0.45	0	0.0	452	1.00	0	0.0
		Others	2,185	3.98	0	0.0	3,461	7.69	0	0.0
	Allowance For Bad Debts And Others (△)		53,221	96.94	4,076	10.2	43,012	95.45	3,524	10.9
	Subtotal		18	0.03	0	0.0	17	0.04	0	0.0
	Non-Profit	Cash	128	0.23	0	0.0	146	0.32	0	0.0
		Tangible Assets	1,535	2.80	0	0.0	1,888	4.19	0	0.0
		Others	1,681	3.06	0	0.0	2,051	4.55	0	0.0
Operation Total		54,902	100.00	4,076	9.9	45,064	100.00	3,524	10.4	

Note 1) 3Q in FY17 : 2017.01.01 ~ 2017.09.30, 3Q in FY16 : 2016.01.01 ~ 2016.09.30

(2) Maturity Structure

3Q in FY17: End Of September, 2017
 (Unit: Hundred Million KRW)

Classification	Normal /Precautionary Assets And Debt Maturity					Sub-Standard or Lower Asset(C)	Total (A+B+C)
	3-Month Or Shorter	6-Month Or Shorter	12-Month Or Shorter	3-Year Or Shorter(A)	3-Year Or Longer(B)		
Operation	9,356	10,261	16,097	30,953	22,890	3,535	57,378
Loan(1)	3,949	4,854	10,690	25,547	19,240	3,535	48,322
Financing	12,558	22,993	43,928	50,622	6,756	0	57,378
Deposit Received(2)	12,558	22,993	43,928	50,623	1	0	50,624
Difference(1-2)	△8,609	△18,139	△33,238	△25,076	19,239	3,535	△2,302

(3) Subordinated Bond Issuance

3Q in FY17: End Of September, 2017
(Unit: Hundred Million KRW)

Type of Bond	The Date Of Issue	The Date Of Maturity	Issued Amount	Issued (Interest) Rate	Credit Rate	Remarks
N/A						

8. Index Of Capital Adequacy

A. Capital Adequacy

3Q in FY17: End Of September, 2017
3Q in FY16: End Of September, 2016
(Unit: Hundred Million KRW, %)

Classification	3Q in FY17	3Q in FY16
BIS Capital Ratio ※ Required By The Law Is More Than (8%)	12.02	11.24
BIS Basic Capital Ratio (Tier1)	10.73	9.91
Tangible Common Equity Ratio	9.41	8.87

◆ **BIS capital adequacy ratio (equity capital/risk-weighted assets ratio):** It represents the adequacy of financial structure of a mutual savings bank. It is one of the management guidelines set by Financial Supervisory Service on the basis of the international agreement that requests to secure a certain level of equity capital for market/operational risk, which was announced by BIS Financial Services Commission (Basel Committee on Banking Supervision). The high percentage (capital owned / market/operational risk x 100) of a company means that the company has good capital adequacy.

B. Calculation Of BIS Capital Adequacy Ratio

3Q in FY17: End Of September, 2017
 3Q in FY16: End Of September, 2016
 (Unit: Hundred Million KRW, %)

Classification	3Q in FY17	3Q in FY16
Ordinary Capital Sum (A)	5,270	4,171
Capital Stock	15,615	15,615
Capital Surplus	122	102
Retained Earnings	△5,454	△6,383
Shares Owned By External Shareholders Of Affiliated Company	0	0
Deductions	△5,012	△5,163
Supplementary Capital Sum (B)	635	558
Upper Subordinated Debt (Claimed) With Maturity	0	0
Lower Subordinated Debt (Claimed) With Maturity	0	0
Revaluation Reserve	0	0
Gain On Valuation Of Asset Available For Sale And Others	3	5
Allowance For Bad Debts	631	553
Long-Term Borrowing(C) For Management Normalization	0	0
Deduction Sum (D)	0	0
Equity Capital Sum (A+B+C-D)	5,904	4,729
Risk-Weighted Asset	49,129	42,092

9. Index Of Asset Quality

3Q in FY17: End Of September, 2017
 3Q in FY16: End Of September, 2016
 (Unit: Hundred Million KRW, %)

Classification	3Q in FY17	3Q in FY16
Loss Risk-Weighted Loan Ratio	23.64	35.47
Net Substandard or Lower Loan Ratio	4.03	7.03
Substandard or Lower Loan Ratio	7.32	12.55
Ratio Of Overdue Loan	7.11	11.69

10. Index Of Profitability

3Q in FY17: End Of September, 2017
 3Q in FY16: End Of September, 2016
 (Unit: Hundred Million KRW, %)

Class	3Q in FY17	3Q in FY16
Return On Assets	1.69	1.47
Expense On Assets	2.36	2.79
Ratio Of Gross Profit To Gross Costs	85.47	91.14

Note 1) Use the calculation formula based on the Financial Supervisory Service Report

11. Index Of Liquidity

3Q in FY17: End Of September, 2017
 3Q in FY16: End Of September, 2016
 (Unit: Hundred Million KRW, %)

Classification	3Q in FY17	3Q in FY16
Liquidity Coverage Ratio	105.46	113.30
Ratio of Disposable Fund	14.18	17.39
Tangible Assets Ratio	17.27	28.93

Note 1) Use the calculation formula based on the Financial Supervisory Service Report

◆ **Liquidity coverage ratio:** It is the ratio of those assets that can easily be exchanged for money to the total assets of a mutual savings bank. High liquidity ratio of a company means that the company is better able to liquidate asset.

12. Index Of Productivity

3Q in FY17: End Of September, 2017
 3Q in FY16: End Of September, 2016
 (Unit: Hundred Million KRW, %)

Classification		3Q in FY17	3Q in FY16
Per Employee	Profit Before Allowance	5	3
	Deposits	98	86
	Loans	93	79
Per Branch Bank	Deposits	2,422	2,025
	Loans	2,304	1,874

Note 1) 3Q in FY17 : 2017.01.01 ~ 2017.09.30, 3Q in FY16 : 2016.01.01 ~ 2016.09.30.

[Financial Results]

13. Balance sheet

(Accounting Standard : Korean Generally Accepted Accounting Principles)

3Q in FY17: End Of September, 2017
 3Q in FY16: End Of September, 2016
 (Unit: Hundred Million KRW, %)

구 분		3Q in FY17		3Q in FY16	
		Amount	%	Amount	%
Asset	Cash And Due from Banks	6,139	10.70	7,057	14.04
	Securities	3,085	5.38	2,520	5.02
	Loans	46,268	80.63	38,166	75.96
	Tangible Asset	149	0.26	139	0.28
	Other Assets	1,737	3.03	2,366	4.72
Asset Total		57,378	100.00	50,248	100.00
Liability	Deposits	50,624	88.23	44,612	88.78
	Borrowings	0	0.00	0	0.00
	Other Liabilities	1,358	2.37	1,180	2.35
	Liability Total	51,982	90.59	45,792	91.13
Liability Total	Capital Stock	15,615	27.21	15,615	31.08
	Capital Surplus	122	0.21	102	0.20
	Capital Adjustment	△4,938	△8.61	△4,943	△9.84
	Accumulated Other Comprehensive Income	53	0.09	65	0.13
	Retained Earnings	△5,454	△9.51	△6,383	△12.70
	Stockholder's Equity Total	5,397	9.41	4,457	8.87
Liability And Stockholder's Equity Total		57,378	100.00	50,248	100.00

14. Operation with Loan

(1) Loan

3Q in FY17: End Of September, 2017
 3Q in FY16: End Of September, 2016
 (Unit: Hundred Million KRW, %)

Classification	3Q in FY17		3Q in FY16	
	Amount	%	Amount	%
Loan For Company	26,880	55.63	21,934	53.59
Loan For Personal	21,319	44.12	18,307	44.73
Other Loans	123	0.25	688	1.68
Total	48,322	100.00	40,929	100.00

(2) Secured Loan By Collateral

3Q in FY17: End Of September, 2017
 3Q in FY16: End Of September, 2016
 (Unit: Hundred Million KRW, %)

Classification		3Q in FY17		3Q in FY16	
			%		%
Collateral	Real Estate Property	10,167	21.04	7,779	19.01
	Movable Assets	2,160	4.47	1,275	3.12
	Securities	3,050	6.31	3,477	8.50
	Deposit Received	122	0.25	116	0.28
	Others	754	1.56	1,296	3.17
	Total	16,253	33.63	13,944	34.07
Guarantee		2,820	5.84	1,672	4.08
Credit		29,249	60.53	25,313	61.85
Total		48,322	100.00	40,929	100.00

(3) Loan For Small And Medium (S&M) Enterprises

3Q in FY17: End Of September, 2017
 3Q in FY16: End Of September, 2016
 (Unit: Hundred Million KRW, %)

Classification		3Q in FY17	3Q in FY16
S&M Company Loan	Ratio (A/B X 100)	49.47	47.05
	S&M Loan (A)	23,903	19,255
	Total (B)	48,322	40,929

(4) Loan Exposure To Real Estate Property-Related Business And Asset Quality Classification

3Q in FY17: End Of July, 2017
(Unit: Hundred Million KRW, %)

Business Type	Conformity To Credit Offering Binding		Category of Quality							
	Limit	Amount Of Credit Offering	Loan Obligation						Overdue Amount	Delinquency Rate
			Normal	Precautionary	Sub-Standard	Recovery Doubtful	Presumed Loss	Total		
Real Estate Property PF Loan(①)	9,664	1,663	450	-	1,165	-	48	1,663	1,213	72.93
Construction Business (②)	14,497	1,632	1,487	18	115	4	9	1,632	105	6.40
Real Estate Business And Leasing Business(③)	14,497	2,493	1,510	576	338	3	67	2,493	399	16.01
Real Estate Property And Leasing Business(④)	14,497	3,086	1,360	539	1,110	3	75	3,086	1,180	38.25
Total(①+②+③+④)	21,745	2,702	2,088	55	508	4	48	2,702	536	19.84

(5) Micro Personal Credit Loan

(Unit: Hundred Million KRW,%,%p)

Classification	End of September, 2017	End of June, 2017	End of March, 2017	End Of December, 2016
Total Loan	48,322	46,494	45,004	42,109
Micro Personal Credit Loan	1,043	1,049	1,114	1,130
Proportion	2.16	2.26	2.48	2.68
Micro Personal Credit Loan Overdue Amount	54	53	84	106
Proportion	5.18	5.05	7.54	9.38

Note 1) Of total loans, the cases of loan less than 3 million KRW are recorded by quarter.

Note 2) Criterion for "being overdue": The definition of 'overdue loan' in Mutual Savings Bank Regulatory Provisions (Attachment 7) is applied.

* A savings bank whose balance of Personal Loan is lower than one billion KRW can not declare Handling Status of Personal Loan.

15. Deposits

(1) Deposits By Type

3Q in FY17: End Of September, 2017
3Q in FY16: End Of September, 2016
(Unit: Hundred Million KRW, %)

Classification	3Q in FY17				3Q in FY16			
	Balance		Average Balance		Balance		Average Balance	
		%		%		%		%
Demand Deposits	1,054	2.08	1,032	2.13	933	2.09	942	2.33
Time Deposits	47,466	93.76	44,853	92.60	40,254	90.23	35,442	87.50
Installment Deposit	2,104	4.16	2,550	5.26	3,425	7.68	4,121	10.17
Cover Note	0	0.00	0	0.00	0	0.00	0	0.00
Others	0	0.00	0	0.00	0	0.00	0	0.00
Total	50,624	100.00	48,435	100.00	44,612	100.00	40,505	100.00

Note 1) 2Q in FY17 : 2017.01.01 ~ 2017.09.30, 2Q in FY16 : 2016.01.01 ~ 2016.09.30.

(2) Deposits By Customer Type

3Q in FY17: End Of September, 2017
3Q in FY16: End Of September, 2016
(Unit: Hundred Million KRW, %)

Classification	3Q in FY17		3Q in FY16	
	Balance	%	Balance	%
Individual	49,587	97.95	44,068	98.78
Corporate And Group	511	1.01	314	0.70
Others	526	1.04	230	0.51
Total	50,624	100.00	44,612	100.00

Note 1) Based on balance

16. Write-Off And Allowance For Bad Debts

(1) Amount Of Bad Loan Write-Off

3Q in FY17 (3 Months): from July 1st, to September 30th, 2017
FY17 (Accumulated): from January 1st, to September 30th, 2017
3Q in FY16 (3 Months): from July 1st, to September 30th, 2016
FY16 (Accumulated) from January 1st, to September 30th, 2016
(Unit: Hundred Million KRW)

Classification	3Q in FY17		3Q in FY16	
	3Q in FY17 (Present Quarter)	FY17 (Cumulation)	3Q in FY16 (Present Quarter)	FY16 (Cumulation)
Amounts Of Write-Off During Term	75	304	267	630
General	75	304	267	630
Special	0	0	0	0

Note 1) 3Q in FY17 (3 Months) : 2017.07.01 ~ 2017.09.30 / FY17(Cumulation) : 2017.01.01 ~ 2017.09.30
3Q in FY16 (3 Months) : 2016.07.01 ~ 2016.09.30 / FY16(Cumulation) : 2016.01.01 ~ 2016.09.30

(2) Classification Of Allowance For Bad Debts

(Accounting Standard : Korean Generally Accepted Accounting Principles)

3Q in FY17: End Of September, 2017
 3Q in FY16: End Of September, 2016
 (Unit: Hundred Million KRW)

Classification	3Q in FY17	3Q in FY16
Allowance For Bad Debts	2,019	2,713
General	2,019	2,713
Special	0	0

17. Current Status Of Loan Classified As NPL And Sub-Standard Or Lower

(1) Loan Classified As NPL And Sub-Standard Or Lower

3Q in FY17: End Of September, 2017
 3Q in FY16: End Of September, 2016
 (Unit: Hundred Million KRW)

Classification	3Q in FY17	3Q in FY16
Total Loan	48,322	40,929
NPL (Non-Performing Loan or Insolvent Loan) ¹⁾	1,125	1,924
Sub-Standard Or Lower Loan ²⁾	3,535	5,137
Net sub-Standard Or Lower Loan ³⁾	1,864	2,688

Note 1) NPL or insolvent loan means the sum of recovery doubtful and presumed loss loan amount.

Note 2) Loan classified as sub-standard or lower is the sum of sub-standard, recovery doubtful and presumed loss loan amount.

Note 3) Loan classified as net sub-standard or lower is the sum of sub-standard loan minus bad debt allowance.

◆ **NPL or insolvent loan:** It is the sum of recovery doubtful and presumed loss loan of a mutual savings bank. Low ratio of NPL over total loan means that the asset of a mutual savings bank is sound.

◦ **Recovery doubtful:** A portion of accounts receivable exceeding an expected recoverable which is anticipated to accrue, but the amount of the loss is not fixable in which cases were classified sub-standard.

◦ **Presumed loss:** A portion of accounts receivable exceeding an expected recoverable which shall be inevitably disposed of a loss because of impossibility of recovery in which cases were classified sub-standard.

◆ **Loan classified as sub-standard or lower:** It is the sum of sub-standard, recovery doubtful and presumed loss loan amount of the total loan of a mutual savings bank. Low ratio of Sub-standard loan over the total loan means that the asset of a mutual savings bank is sound.

◦ **Sub-standard:** An expected recoverable amount of accounts receivable which cases are needed specific recoverable and manageable measurement because of poor management.

(2) Current Status of Increasing Large Sum NPL Or Insolvent Loan

3Q in FY17: End Of September, 2017

2Q in FY17: End Of June, 2017

(Unit: Hundred Million KRW)

Company ¹⁾	3Q in FY17	2Q in FY17	Increased Amount	Reason For Increase	Remarks
(Ltd)****(Construction)	29	0	29	Collectible Amount Decreased	
(Ltd)****(Non-specialized wholesale trade)	15	0	15	Collectible Amount Decreased	
(Ltd)*****(Golf course and skiing facility operation)	10	0	10	Collectible Amount Decreased	

Note 1) The list should be of top 20 companies whose NPL or insolvent loan amount is one billion greater than that of the previous quarter. But the name should be written like “(Ltd)***(Business Type)” for corporate body. For individual loan, the name of company should be written like “individual loan (last name*second name)”.

(3) Current Status Of Companies Under Debt Reconciliation For New Loan

3Q in FY17: End Of September, 2017

(Unit: Hundred Million KRW)

Company	Date of Decision For Debt Reconciliation	FY17 Total Loan Balance	NPL Or Insolvent Balance	Progress Of Debt Reconciliation	Remarks
<u>Not Applicable</u>					

Note *) It should be prepared for companies whose total loan balance is over one billion one KRW.

18. Off-The-Book Trading

3Q in FY17: End Of September, 2017

3Q in FY16: End Of September, 2016

(Unit: Hundred Million KRW)

Classification	3Q in FY17	3Q in FY16
Guarantee Of Payment	0	0
Bad Loan Write-Off	8,886	9,925
Endorsed Note	0	0
Sales Of Repurchase Paper	0	0
Transaction Of Financial Derivatives	0	0

Note 1) 3Q in FY17 : 2017.01.01 ~ 2017.09.30, 3Q in FY16 : 2016.01.01 ~ 2016.09.30.

19. Non-Operating Assets

3Q in FY17: End Of September, 2017
(Unit: Hundred Million KRW)

Classification	Acquired Amount Within A Year (From Now)	Acquired Amount Between 1 To 3 Years (From Now)	Acquired Amount 3 Years Before
Land	0	0	599
Building	0	0	9
Movable Assets	0	0	0
Total	0	0	608

19-1. Status Of Cross-Business

3Q in FY17: End Of September, 2017
3Q in FY16: End Of September, 2016
(Unit: Hundred Million KRW, No. of Transaction, No. of Buying)

Classification	3Q in FY17		3Q in FY16	
	Performance	Number Of Transaction (Buying)	Performance	Number Of Transaction (Buying)
Installment Financing	0	0	0	0
Debit Card	45	1,894	50	2,578

Note 1) 3Q in FY17 : 2017.01.01 ~ 2017.09.30., 3Q in FY16 : 2016.01.01 ~ 2016.09.30.

[Risk Management]

20. Risk Management

(1) Risk Management Organization

- Organizational Chart



- Risk Management Committee: It is the top decision making organization for risk management.
- Composition of Risk Management Committee : Three Outside Directors
- Role of Risk Management Committee: Establishing basic policy and strategy for risk management;
Determining overall aspects of risk management practices, including enactment/revision of risk management standards, and makeup of relevant organizations.

- Risk Management Subcommittee : Committee on Risk management task relations under Risk management committee
- Composition of Risk Management Subcommittee
Finance/Credit Assessment HQ Head / Strategy Risk Management HQ Head /
Credit Assessment Director / FinTech Director / Business Management Department Head
- Role of Risk Management Subcommittee
It plays roles of establishing policies to cope with the change of financial environment; minimize management risk through focusing on asset and liabilities; and maximize and stabilize profit.

- Risk Management-Related Departments
 - Credit Risk
Loan review Division / CSS Department / Sales Department(Corporate Financing / Retail / IB)
 - Market Risk: IB Department / Business Management Department(financial sector) / Sales Department
 - Interest Risk: Business Management Department(financial sector) / IB Department
 - Liquidity Risk: Business Management Department(financial sector) / Sales Department
 - Operational Risk: Strategy Risk Management Department/ Business Management Department/
Information System Division

(2) Risk Management System:

- Definition

“Risk” means various uncertainty and chance of possible loss occurring during the activities of a company’s management and business.

- Various provisions Related to Risk Management

Total Risk Management Provision, Risk Management Committee Provision, Risk Management Subcommittee Provision, Risk Management Standards.

- Contents in the provisions

They are about overall risks that can break out through the business and management by a savings bank, including risk of credit, market, liquidity, business management.

- Risk Management Subcommittee

It is the decision making organization for risk management. It plays roles of establishing policies to cope with

the change of financial environment; minimize management risk through focusing on asset and liabilities; and maximize and stabilize profit. The committee shall deliberate and make decision regarding the followings:

- ① Establishing (counter)measure to cope with the change of financial environment
- ② Deliberating and conciliating financing and operation
- ③ Constructing portfolio of assets and liabilities
- ④ Performing risk management and establishing (counter)measure to cope with it
- ⑤ Regarding interest in loan and borrowing
- ⑥ Regarding the other agendas that the chairman thinks it is necessary to action for.

(3) Credit Risk Management:

- Definition

Credit Risk means the amount exposed to loss or such risk due to the default on loan or/and marketable securities of other party in business with the concerned company.

- Purpose

It is to minimize the possibility of occurrence of credit risk; thus maintain financial soundness; consequently build stable profit base; and use the knowledge as the basic data in making decision for investment priority and establishing strategy of asset resource distribution.

- Objects for Risk Management

loan, securities, derivative and so on

- Principle of Risk Management

- ① To set and manage credit offering limit by sector
- ② To prevent loan bias by constructing loan portfolio
- ③ To set and manage limit to credit risk exposure

- Methods of Risk Management

- ① To set credit limit by industry, debtor, and note drawer
- ② To establish loan portfolio; evaluate loan; prepare early warning system for non-performing loan; and review criteria for loan (credit) offering
- ③ To review the criteria of credit rating by customer and request correction or adjustment when necessary; develop, maintain and integrate methodology and measurement for credit risk such as

bankruptcy rate by rating level and collect rate by collateral

- ④ To review if reserve for bad debts and depreciation and debt amount to write off are suitable for credit risk and request for correction when necessary.
- Evaluation Organization: Risk Management Committee, Loan Evaluation Committee, Loan review Department, Others

(4) Market Risk Management:

- Definition

Market Risk means one in which the value of marketable asset decreases in a disadvantageous direction to interest, stock index (price), foreign exchange rate and so on. Such risks include interest risk, price fluctuation risk and FX risk

- Purpose

It is to minimize loss and maximize profit by efficiently managing the change of market price and value such as interest rate, stock index (price) and so on.

- Measuring Method

Transaction related to market risk should be evaluated and measured for loss and profit based on market value.

- Objects for Market Risk Management

Financial products that are dealt for profit margin on purchase and sale on the basis of forecasted value (interest rate, stock index) change of bond, share.

- Methods of Market Risk Management

- ① To set investment limit and loss limit of securities in proprietary account; obtain approval of it from Risk Management Committee and distribute it to risk management-related department heads for accompanying actions
- ② Risk management-related department heads can set and operate proper limit by financial commodity and dealer within the limit set in foregoing (①).
- ③ Risk management-related department heads establish detailed and specific plans and manage them such as investment policy, standard, portfolio principle, criteria for market value evaluation, investment and loss limit by commodity and dealer.
- ④ Risk management-related department heads assess concerned risk on daily, weekly and monthly base or anytime when necessary for rapid change of market situations.

(5) Liquidity Risk Management:

<Balance Of Time Deposit (e.g.) By Remaining Period>

○ Time Deposit

(Unit: Hundred Million KRW)

Classification	Within 1 Year	Within 2 Years	Within 3 Years	Over 3 Years	Total
Time Deposit	40,942	5,901	622	1	47,466

○ Loan

(Unit: Hundred Million KRW)

Classification	Within 1 Year	Within 2 Years	Within 3 Years	Within 4 Years	Within 5 Years	Over 5 Years	Total
Loan ^{1,2)}	13,220	6,820	8,418	6,014	8,545	5,305	48,322

Note 1) Loan (on compound passbook deposit) whose limit is subject to stipulated time period and that is circulated within certain time period (a month) is classified as 'one-year or shorter' loan despite its limit-stipulated time period.

○ Securities

(Unit: Hundred Million KRW)

Classification	Within 1 Year	Within 2 Years	Within 3 Years	Within 4 Years	Within 5 Years	Over 5 Years	Total
Government/ Public Bond ¹⁾	0	0	0	0	0	0	0
Corporate Bond	62	66	0	40	75	307	550
Others	996	378	341	203	136	223	2,277
Total	1,058	444	341	243	211	530	2,827

Note 1) Government/Public Bond means monetary stabilization bond, government-guaranteed bond, treasury bill, municipal bond/local debt, and bond issued by government-invested institution.

Note *) Shares and investment securities (including other equity investments) whose maturity expiration can't be specified are excluded.

(6) Credit Scoring System (CSS):

A. Summary of Credit Scoring System (CSS)

It is a system to statistically measure the risks related to personal credit loan by using the credit rating data and the summaries offered by credit rating agencies (e.g. NICE Information Service Co., Ltd, Korea Credit Bureau, Korea Enterprise Data Co. Ltd)

B. Application Scope

Customers applying for personal credit loan (Only for Babilloan)

C. Application Method

Decision making for the system approval based on personal credit risk rating, limit and interest calculation.

D. Controlling Structure

1) Establishing CSS policy based on statistical analysis

- Periodic Analysis

- i) Accuracy of credit rating of CB companies
- ii) Stability and accuracy of the credit rating by application scorecard
- iii) Validity of CSS policy

- Non-Periodic Analysis

- i) Policy rule according to reduced risk
- ii) CSS policy for new financial products

- 2) Deliberation of Risk Management Committee in establishing and changing policy
- 3) Approval by representative director of changing or establishing policy of Risk Management Committee

[Current Status Of Other Management]

21. Management Performance Of Affiliated Company

3Q in FY17: End Of September, 2017
(Unit: Hundred Million KRW)

Affiliated Company	Financial Situation		Profit-Loss Situation		Settling Day
	Total Asset	Equity Capital(Capital Stock)	Operating Profit	Net Income	
<u>Not Applicable</u>					

22. Internal Control

(1) Functions And Roles Of Audit (Regular, Special And Occasional Audit)

Audit Committee (auditor) performs the followings to evaluate and improve the propriety of overall internal control system and the performance of management.

- It sets up internal audit plans by class (finance audit, operation audit, compliance audit, management audit, IT audit and so on); evaluates the results of implementation; take follow-up measures; and purposes corrective plans.
- It evaluates the overall internal control system of the concerned company and proposes improvement plan.
- It consents to the appointment of the head of internal audit department.
- It approves the appointment of external auditor.
- It evaluates the activities of external auditor.
- It confirms the matters directed in an audit report
- It handles the matters in accordance with applicable laws and articles of association and those which the board of directors entrusts.
- It conducts an audit on the matters directed by supervisory authority, the board of directors and/or Audit Committee

(2) Approach to Inspection of Internal audit department

- 1) Inspection of regulation fulfillment
- 2) Examination on system and enhancement monitoring for prevention of financial accidents
- 3) Checking incidental works to perform audit

(3) Frequency of audit

Classification	Auditor	Subject	Frequency
daily audit	full time auditor	Whole department	Everyday
spot audit	audit department	Branches for savings	as occasion calls
regular audit	audit department	Whole department	once a year
special audit	audit department	Whole department	on demand
Occasional audit	audit department	Branches for savings and loan	Everyday

(4) Inspection organization(the number of people, concurrent position, etc.) and details of activity

Name	The number of people	Details of activity	Concurrent position
Audit department	7	Auditing whole department	-

(5) Composition·detailed operation standards·performance of loan review committee and inspection department

Classification	Composition	Detailed operation standards	performance
Lone review committee	5 people including the chairperson	-selection of subject for loan evaluation, based on delegation and decision criteria -For managing soundness of loans and prevention of insolvent loan, considering comprehensively the debtor's credit, financial position, business plan, collateral configuration, ability for repayment, trade performance, and so on. -Decision made by two-thirds or more of incumbent members' agreement	Spot operation as subject of examination arises
Inspection department	3 people among compliance department	-propriety of asset soundness classification and accumulation of allowance for bad debt expense -propriety of loan evaluation and authorization -compliance of loan contract -compliance of regulations relating to loan and the bylaws -propriety of post management of loan -accuracy and timeliness of loan officers' recognition of problematic loan -other necessary things to secure soundness of loan	- New inspection : Within 10 business days after loan review committee making decision -Regularly inspection : More than once a year(More than 5 hundred million won for same person)

23-1. The number of occurred civil complaints

※ Since overlapped, repeated, complaints for simple question, and other complaints that may not ask for responsibility to financial company are excluded, please be careful when you use and utilize.

※ The number of civil complaints were written based on a mutual savings bank unified management disclosure standards.

※ Period

- Current quarter : 3Q in FY2017 (2017.07.01~2017.09.30)

- Previous quarter: 2Q in FY2017 (2017.04.01~2017.06.30)

A. The number of civil complaints

Division	the number of civil complaints			The number of conversions ³⁾ (per 10K customers)			note
	FY17 2Q (previous quarter)	FY17 3Q (current quarter)	rate of change (%)	FY17 2Q (previous quarter)	FY17 3Q (current quarter)	rate of change (%)	
Inside civil complaint ¹⁾	2	2	-	0.03	0.02	↓ 33.3%	
Outside civil complaint ²⁾	43	44	↑ 2.3%	0.54	0.55	↑ 1.9%	
Total	45	46	↑ 2.2%	0.56	0.57	↑ 1.8%	

Note 1) civil complaint received through Internet webpage or in written

Note 2) among civil complaints received by the Financial Supervisory Service or other institutes, transmitted or fact inquiry requested civil complaints. But, direct processed civil complaint without transmit or fact inquiry by relevant institutes (the Financial Supervisory Service or other institutes) are excluded.

Note 3) number of conversion = (total number of civil complaints / total customers) × 10,000

B. the number of civil complaints by type

Division	The number of civil complaints			The number of conversions (per 10K customers)			note
	FY17 2Q (previous quarter)	FY17 3Q (current quarter)	rate of change (%)	FY17 2Q (previous quarter)	FY17 3Q (current quarter)	rate of change (%)	
type	deposit	5	4	↓ 20.0%	0.06	0.05	↓ 16.7%
	loan	22	36	↑ 63.6%	0.28	0.45	↑ 60.7%
	loan collection	16	2	↓ 87.5%	0.20	0.02	↓ 90.0%
	others	2	4	↑ 100.0%	0.03	0.05	↑ 66.7%
total	45	46	↑ 2.2%	0.56	0.57	↑ 1.8%	

C. the number of civil complaints by type

Division		the number of civil complaints			The number of conversions (per 10K customers)			note
		FY17 2Q (previous quarter)	FY17 3Q (current quarter)	rate of change (%)	FY17 2Q (previous quarter)	FY17 3Q (current quarter)	rate of change (%)	
type	deposit	4	2	↓ 50.0%	0.05	0.02	↓ 60.0%	
	mortgage loan	0	0	-	0.00	0.00	-	
	credit loan	40	36	↓ 10.0%	0.50	0.45	↓ 10.6%	
	bancassurance	1	2	↑ 100.0%	0.01	0.02	↑ 100.0%	
	others	0	6	↑ 100.0%	0.00	0.08	↑ 100.0%	
total		45	46	↑ 2.2%	0.56	0.57	↑ 1.8%	

23-2. Result of evaluation actual condition of financial consumer protection

※ According to financial consumer's best practices, financial corporations get evaluated their level of consumer protection comprehensively through evaluation system of financial consumer protection's actual condition' by the Financial Supervisory Service.

※ Disclosure: saving banks that the Financial supervisory service directly evaluates (the number of civil complaints of relevant saving banks where is 2% or more in whole saving banks industry and has 1,000 billion KRW or more of total asset)

※ Inquiry of evaluation result by company is offered at Federation of Savings Banks's official website.

Division		evaluation result by item (year of 2015)	evaluation result by item (year of 2016)	evaluation result by item (year of 2017)
improvement item	1. the number of civil complaint	Good	Good	N/A
	2. period of handling civil complaints	Good	Good	
	3. the number of lawsuit	Normal	Normal	
	4. sustainability of sales	Good	Good	
	5. financial accident	Good	Good	
non-impr ovement item	6. consumer protection organization and system	Inadequacy	Normal	
	7. construction and management of consumer protection system in product development process	Inadequacy	Normal	
	8. construction and management of consumer protection system in product sales process	Normal	Good	
	9. construction and management of civil complaint management system	Normal	Good	
	10. disclosure of consumer's information	Normal	Normal	

<Evaluation item of financial consumer protection's actual condition>

Division		Evaluation items
Improve ment item	1. The number of civil complaint	- The number of civil complaints and rate of change
	2. Period of handling civil complaints	- Average period of handling civil complaints
	3. The number of lawsuit	- The number of lawsuit and lawsuit by financial corporation in dispute conciliation
	4. Sustainability of sales	- Index of financial health of financial corporations
	5. Financial accident	- The number of consumer related financial accident of financial corporations and amount
Non-im proveme nt item	6. Consumer protection organization and system	- Whether consumer protection organization has independent exclusive organization and proper human resources in order to manage corporation sales related risk effectively and whether it has been operated with actual authority or not - Whether education for consumer protection is conducted regularly to every staff and executive and whether the result has been archived or not.
	7. Construction and management of consumer protection system in product development process	- Between general consumer protection department and sales department, whether process of pre-agreement is indicated on rules at product development and whether it is operated properly and whether operation status is monitored or not. - Whether the process that may apply opinions like product related complaints has been established and properly managed and whether management status has been monitored or not.
	8. Construction and management of consumer protection system in product sales process	- Whether sales process is established through preparing sales regulation that sales staffs shall follow in order to prevent occurrence of incomplete sales in consumer protection viewpoint or not and whether its performance state has been monitored or not - Whether management rules and system about customer information protection and product advertisement are established and properly managed or not and whether management status has been monitored or not
	9. Construction and management of civil complaint management system	- Whether process for fair civil complaints handling is prepared, and whether civil complaints management system is established and properly managed ,and whether management status has been monitored or not. - Whether civil complaints handling regulation and manual has been prepared or not, and whether complaints from consumer is handled according to internal procedure, and whether system for system reform is established and managed properly, and whether management status has been monitored or not
	10. Disclosure of consumer's information	- Whether necessary information for consumers (number of civil complaints, important factor by product, required information) are properly disclosed or not - Whether excellent case consumer protection and protection system are properly disclosed or not

24. History Of Transactions With Major Shareholders And Executives

(1) Current Status Of Credit Offering¹⁾

3Q in FY17 : End Of September, 2017

2Q in FY17 : End Of June, 2017

(Unit: Million KRW, %)

Name Of Shareholder(Or Executive) ²⁾	Name Of Shareholder(Or Executive) And Affiliate Person ³⁾	Credit Offering At The Point Of Appointment (A)	2Q in FY17 Credit Offering(B)	3Q in FY17 Credit Offering(C)	Increase/Decrease (%)	
					Vs. Dat Of Appointment (C-A)	Vs. Previous Period (C-B)
Shareholder	()	Principal	<u>Not Applicable</u>		()	()
		Affiliate Person			()	()
		Subtotal			()	()
	()	Principal			()	()
		Affiliate Person			()	()
		Subtotal			()	()
	Total	Principal			()	()
		Affiliate Person			()	()
		Sum			()	()
	Executive	()			Principal	<u>Not Applicable</u>
Affiliate Person			()	()		
Subtotal			()	()		
()		Principal	()	()		
		Affiliate Person	()	()		
		Subtotal	()	()		
Total		Principal	()	()		
		Affiliate Person	()	()		
		Subtotal	()	()		
Total		Principal	()	()		
	Affiliate Person	()	()			
	Sum	()	()			

Note 1) It means credit offering stipulated in Item 6, Article 2 of Mutual Savings Banks Act.

Note 2) For shareholder, only major shareholders as defined in Item 11, Article 2 of Mutual Savings Banks Act are listed here.

For executive, the year, month and date of appointment and position – e.g. president of savings bank, Outside Director- should be written in (). For shareholder and executive not related credit offering, 'Not applicable' is written in the column of credit offering.

Note 3) He or she is a affiliate person to shareholder or executive as defined in Item 2, Article 30 of the enforcement ordinance under Mutual Savings Banks Act.

(2) History Of Other Major Transactions

A. Sales Of Real Estate Property¹⁾

3Q in FY17: End Of September, 2017
(Unit: Million KRW)

Name Of Shareholder (Or Executive) ²⁾		Name Of Shareholder (Or Executive) And Affiliate Person ³⁾		Transaction Class (Buying/Selling)	Contract Date	Contract Amount	Remarks
Shareholder		Principal					<u>Not Applicable</u>
		Affiliate Person					
		Subtotal					
		Principal					
		Affiliate Person					
		Subtotal					
Executive		Principal					<u>Not Applicable</u>
		Affiliate Person					
		Subtotal					
		Principal					
		Affiliate Person					
		Subtotal					
Total	Principal						
	Affiliate Person						
	Sum						

Note 1) It is about (should be written for) the transaction of real estate property done by shareholder (or executive) and their affiliate person **during the current fiscal year (from Jan 1st, 2017 to September 30th, 2017)**

Note 2) The same footnotes as in Form 'A'

Note 3) The same footnotes as in Form 'A'

B. Lease/Rent Of Real Estate Property¹⁾

3Q in FY17: End Of September, 2017
(Unit: Million KRW)

Name Of Shareholder (Or Executive) ²⁾	Name Of Shareholder (Or Executive) And Affiliate Person ³⁾	Transaction Class (Lease/Rent)	Contract Date	Expiration Date Of Contract	Contract Amount		Remarks	
					Deposit	Annual Lease/Rent Fee		
Shareholder	Principal						<u>Not Applicable</u>	
	Affiliate Person							
	Subtotal							
		Principal						
		Affiliate Person						
		Subtotal						
Executive	Principal						<u>Not Applicable</u>	
	Affiliate Person							
	Subtotal							
		Principal						
		Affiliate Person						
		Subtotal						
Total	Principal							
	Affiliate Person							
	Sum							

Note 1) It is about (should be written for) the lease/rent transaction of Real Estate Property in contract with shareholder

(or executive) and their affiliate person as of the date of reporting this form

Note 2) The same footnotes as in Form 'A'

Note 3) The same footnotes as in Form 'A'

C. Contract For Goods And Services¹⁾

3Q in FY17: End Of September, 2017
(Unit: Million KRW)

Name Of Shareholder (Or Executive) ²⁾		Name Of Shareholder(Or Executive) And Affiliate Person ³⁾		Transaction ⁴⁾	Date of Transaction	Contract (Goods/Services) Amount	Remarks
Shareholder		Principal				<u>Not Applicable</u>	
		Affiliate Person					
		Subtotal					
		Principal					
		Affiliate Person					
		Subtotal					
Executive		Principal				<u>Not Applicable</u>	
		Affiliate Person					
		Subtotal					
		Principal					
		Affiliate Person					
		Subtotal					
Total		Principal					
		Affiliate Person					
		Sum					

Note) 1) It is about (should be written for) the supplying transaction of goods/services supplied from shareholder (or executive) and their affiliate person during the current fiscal year (from Jan 1st, 2017 to September 30th, 2017).

Note 2) The same footnotes as in Form 'A'

Note 3) The same footnotes as in Form 'A'

Note 4) It should be expressed like ○○ Goods Supply Contract, ○○ Service Supply Contract and so on.

D. Stock Trading¹⁾

3Q in FY17: End Of September, 2017
 FY16: End Of December, 2016
 (Unit: Million KRW, -000-Note)

Name Of Shareholder (Or Executive) ²⁾	Name Of Shareholder (Or Executive) And Affiliate Person ³⁾	FY16 (Previous)		Buying		Selling		3Q in FY17 (Present)		Remarks
		Balance On B/S	Holding Volume	Trading Amount	Trading Quantity	Trading Amount	Trading Quantity	Balance On B/S	Holding Volume	
Shareholder	Principal	<u>Not Applicable</u>								
	Affiliate Person									
	Subtotal									
	Principal									
	Affiliate Person									
	Subtotal									
Executive	Principal	<u>Not Applicable</u>								
	Affiliate Person									
	Subtotal									
	Principal									
	Affiliate Person									
	Subtotal									
Total	Principal	<u>Not Applicable</u>								
	Affiliate Person									
	Sum									

Note 1) It is about (should be written for) the trading of issued stock/shares that the shareholder (or executive) and their affiliate person have bought or/and sold **during the current fiscal year (from Jan 1st, 2017 to September 30th, 2017)**.

But the trading (buying and selling) for long-term investment is not included.

Note 2) The same footnotes as in Form 'A'

Note 3) The same footnotes as in Form 'A'

25. Issued Stocks/Shares Acquired By Major Shareholders

(Unit: Million KRW)

Shareholder Class ¹⁾	Name Of Major Shareholders	Issuing Company		Holding Status At The End Of Previous Quarter				Acquisition Information						Disposal Information					Holding Status At The End Of Present Quarter					
		Name Of Company	Relation With Major Shareholder	Number Of Stocks/Shares	Share Ratio	Acquisition Cost (A)	Market Value	Date Of Acquisition	Number Of Stocks Acquired	Purpose Of Acquisition	Acquisition Method ²⁾	Acquisition Cost Per Share	Amount Of Acquisition (B)	Date Of Disposal	Number Of Stocks Disposed (C)	Disposal Method ²⁾	Disposal Cost Per Share (D)	Acquisition Cost Per Share (E)	Book Value Per Share (F)	Profit Or Loss By Disposal {C*(D-F)}	Number Of Stocks/Shares	Share Ratio	Acquisition Cost (A+B-C*E)	Market Value
Largest Shareholder	SBI HOLDINGS	Gloval gateway fund I	Relative	1,500	10	1,500	1,471		0			0	0		0	0	0	0	0	1,500	10	1,500	1,453	
		SBMIRAE CREATION ASEAN-M&A	Relative	3,392	9.6	4,543	3,775		0			0	0	2017-07-11	138	Outside dealing	1	0	0	0	3,254	9.6	4,543	3,254
		SBIGrowth Strategy M&A	Relative	400	6.1	400	400	2017-09-28	136	Investment	Outside dealing	1	136		0		0	0	0	0	536	6.1	536	536
		Subtotal			5,292		6,443	5,646		136			1	136		138		1	0	0	5,290		6,579	5,243
Total				5,292		6,443	5,646		0			0	0		0	0	0	0	5,290		6,579	5,243		

Note 1) The largest shareholder shareholders and major shareholder of the concerned savings bank are written here.

Note 2) Pit-transactions and over-the-counter transactions are written separately.

* Referral legal provisions

Item 2 of Article 12 of Mutual Savings Banks Act, Item 4 of Article 9 of the enforcement ordinance under Mutual Savings Banks Act and Item 3 of Article 23 of Mutual Savings Bank \ Regulatory Provisions.

Note 3) 3Q in FY17 : 2017.09.30, 2Q in FY17 : 2017.06.30

[Financial Statements]

26. Review Report

(1) Closing Review report By External Auditor

- Refer to Review Report Additionally Attached

27. Financial Statement

- Refer to Review Report Additionally Attached

28. Income Statement

- Refer to Review Report Additionally Attached

29. Consolidated Review Report

- Not Applicable